



NATURAL RESOURCES DEFENSE COUNCIL

California Energy Commission

DOCKETED

12-HERS-01

TN # 76055

JUL 17 2015

**Comments of the Natural Resources Defense Council on
California Whole-House Home Energy Rating System
Order Instituting Informational Proceeding**

July 17, 2015

On behalf of the Natural Resources Defense Council and our more than 2.4 million members and online activists, we respectfully submit the following comments on the California Energy Commission's Order Instituting Informational (OII) Proceeding for the California Whole-House Home Energy Rating System (HERS). The following comments are in response to the information presented in the June 17, 2015 webinar and accompanying notice.

NRDC is very pleased to see the CEC begin the process to update the California HERS system. NRDC has been involved on issues related to building energy ratings for decades both in California and at the national level. Asset ratings – which evaluate the efficiency of the building asset – are a critical tool to achieving increased energy efficiency in buildings. Asset ratings are valuable for several reasons, including:

- Asset ratings provide information to consumers so they can evaluate a building's efficiency and allow consumers to make decisions about where to live or work based on this information.
- Asset ratings provide a mechanism for home energy efficiency to be taken into account in real estate transactions, including mortgage financing, so the first cost of increased efficiency can be financed over the time of ownership.
- Asset ratings can facilitate deeper savings in building energy codes and enhanced code compliance.

It is particularly important that the CEC begins updating the California HERS system now, as the HERS system will be a critical component to reaching zero net energy homes by 2020.

NRDC offers the following specific comments:

I. NRDC strongly supports aligning the CA HERS system with the RESNET HERS system.

The CEC has stated that it is considering aligning the California HERS system with the RESNET HERS system by modifying the California HERS reference home to be the RESNET reference home, based on the 2006 IECC. NRDC strongly supports aligning the California HERS and national RESNET HERS systems. The national RESNET system is well-known by builders and is widely utilized, with 34 percent of new homes rated under the system in 2014, which appears to be a much higher percentage than we find in California. These ratings are important because they promote above-code performance: the average HERS rating in 2014 was 63, which is



beyond the level of performance required in the most advanced model code, and far beyond the level of actually enforced codes.

Aligning the CA HERS reference home with the RESNET system will provide consistency across markets while leveraging the popularity of the national HERS system. This market consistency will provide better information to home buyers/owners and will better facilitate the use of the HERS rating in property valuation. In order to better align with the RESNET HERS, California should change its reference home to the 2006 IECC. We recommend that the CEC work with RESNET to identify other opportunities for alignment between the systems, which will likely involve changes to both the CA HERS and RESNET HERS systems.

One difference between the California HERS system and RESNET will be California's use of TDV as the fuels comparison metric. This difference should not result in noticeable incomparability between the ratings of homes in state versus elsewhere.

II. NRDC supports a single asset rating system for new and existing homes.

The meeting notice makes the following statement, with which NRDC has deep concerns:

“Consider alternative asset rating approaches for existing buildings. It is imperative that a standardized asset rating approach limits transaction costs and does not place excessive requirements on builders or homeowners selecting such ratings. Currently, Public Resource Code, Section 25942(5)(c)5 requires that once a statewide rating system is in place, no home energy rating services may be performed in the state unless those services have been certified by the Energy Commission to be in compliance with the statewide system. An alternative asset rating approach will be explored with the goal of establishing methods to affordably rate the comparative value of building energy efficiency. As stated in Strategy 1.4 of the 2015 Draft EBEE Action Plan, the expectation for existing homes is that there will be a market for assessments, providing information to the current occupant. The Energy Commission is exploring the option of having the state set minimum performance criteria while allowing many service providers with many models.”

NRDC recommends using a single asset rating system in California for both new construction and retrofits. The CEC indicates that it will explore an alternative asset rating approach for existing buildings. NRDC strongly recommends using a single rating system for new construction and retrofits. Having a single system with consistent values and meanings is important to facilitate consumer awareness and understanding and for the use of the HERS value in real estate transactions. Systems that give different results for the same home will create unfair competition between new and resale homes. There is no difference between a new home and a home that has been occupied for a year and then resold. And no difference between a 1 year old home and a 100 year old home retrofit to the same level of efficiency.



NRDC recommends that the CEC develop criteria for energy rating software. The CEC indicates that it is considering allowing for the use of other software tools and for energy assessments to be conducted by other stakeholders beyond HERS raters. NRDC recommends that HERS ratings should only be done using certified software that meets specific guidelines. This software does not need to be developed by the CEC, but can be developed by third-party and approved by the CEC. NRDC would support the use of a separate software tool or a different package within the HERS software for conducting audits/projecting energy savings, but this should not be called or represented as a HERS rating. CEC should work with RESNET to align software specifications.

We appreciate the opportunity to submit these comments and welcome further discussion on any of these comments.

Sincerely,

A handwritten signature in black ink, appearing to read 'Meg Waltner', is positioned below the 'Sincerely,' text. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Meg Waltner
Manager, Building Energy Policy
Natural Resources Defense Council